

Message Text

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61

ACTION EB-07

INFO OCT-01 EA-09 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-02 INR-07 NSAE-00 SAL-01 CG-00 OFA-01 DLOS-04 L-03

TRSE-00 /035 W

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R 080320Z MAR 76

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 8728

UNCLAS TAIPEI 1459

E.O. 11652: N/A

TAGS: EWWT, EFIN, TW

SUBJECT: SHIPPING: ROC TAX ON AGENTS FOR FOREIGN LINES

REF: STATE 043109

1. EMBOFF TOGETHER WITH MEMBER AMERICAN CHAMBER OF COMMERCE SHIPPING COMMITTEE CALLED ON VICE MINISTER OF FINANCE WANG SHAO-YU TO DISCUSS ABOVE SUBJECT MARCH 5. VICE MINISTER WANG SAID THAT IT HAD ALREADY BEEN DECIDED THAT WHATEVER DECISION IS TAKEN ON THE TAX IT WILL NOT REPEAT NOT BE RETROACTIVE. HE SAID MOF HAD ACCEPTED ARGUMENTS MADE EARLIER BY THE EMBASSY AND CHAMBER REPS THAT RETROACTIVE TAX COULD NOT WORK AND WOULD NOT BE JUSTIFIED.

2. IN RESPONSE TO QUESTION RAISED IN FINAL PARAGRAPH OF REFTTEL, VICE MINISTER WANG SAID THIS PROPOSED TAX IS NOT CONSIDERED A SUBSTITUTE FOR OTHER FORMS OF BUSINESS TAX.

3. EMBOFF EXPRESSED APPRECIATION FOR ABOVE INFORMATION AND ASKED WHEN DECISION ON IMPOSITION OF PROPOSED TAX WOULD BE MADE. HE QUOTED FROM ARTICLE 4, PARAGRAPH 2, OF BUSINESS TAX LAW WHICH STATES THAT BUSINESS AGENT OF FOREIGN SHIPPING COMPANY WITH NO BRANCH OFFICE IN ROC NOT SUBJECT TO BUSINESS TAX "IF THE BUSINESS AGENT MERELY GIVES QUOTATIONS, ARRANGES FOR RENDERING OF SERVICES, MAKES A TENDER OR CONCLUDES A CONTRACT ON BEHALF

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OF THE FOREIGN PROFIT-SEEKING ENTERPRISE WITHOUT RECEIVING THE

PRICE OR REMUNERATION." VICE MINISTER WANG WAS VERY VAGUE ABOUT WHEN PROPOSED TAX MIGHT BE IMPOSED AND SAID BEST SOLUTION WOULD PROBABLY BE AMENDMENT OF LAW TO MAKE IT MORE PRECISE.

4. EMBASSY INFORMED BY DIRECTOR OF TAX DEPARTMENT, MOF, WHO WAS NOT AT ABOVE MEETING, THAT MOF DOES PLAN TO AMEND LAW AT NEXT OPPORTUNITY, I.E. DECEMBER THIS YEAR, AND IN MEANTIME IS ACTIVELY CONSIDERING IMPOSITION OF TAX BY REGULATION.

5. COMMENT: SITUATION APPEARS TO BE MUCH IMPROVED SINCE ISSUE OF RETROACTIVITY CLEARLY RESOLVED. VICE MINISTER DOES SEEM TO FAVOR IMPOSITION OF TAX, BUT MAY DECIDE AGAINST IMMEDIATE ACTION DUE TO ATTENTION GIVEN MATTER HERE AND IN WASHINGTON BY U.S. GOVERNMENT AND BUSINESS REPRESENTATIVES.

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Message Attributes

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